vestment disputes through international arbitration, compensation in case of expropriation/nationalisation and facility for repatriation of returns etc.

Foreign Insurance Companies Invade India

232. SHRI K. R. MALKANI: Will the Minister of FINANCE be pleased to state:

(a) whether the U.S. Ambassador and several other U.S. Officers have been repeatedly urging the Government of India to permit foreign insurance companies as reported in the Pioneer, 9th August, 1994;

(b) whether Government will resist these moves;

(c) whether Indian Insurance Companies and Corporations, are in a position to face such an unequal competition; and

(d) whether Government would insist that if at all, and as and when, foreign insurance companies are allowed into India, they will be required to carry the same social and other obligations as are carried by Indian Insurance Companies and Corporations?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) to (d) The Government has received representations from representatives of several Governments, including the United States for opening up the insurance sector to foreign participation. Issues relating to insurance sector reform were examined by the Malhotra Committee set up by the Government and the Committee has submitted its report. The Government has not yet taken a final view on the recommendations of the Committee, including proposals for opening up insurance for foreign private participation and detailed modalities for the same.

World Bank loan to India

233. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether the World Bank has recently extended loan worth $ 700 million to India;

(b) if so, the terms and conditions of the loan agreements;

(c) the fields in which the World Bank loan would be utilised;

(d) whether the loan will have any impact on our financial situation; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. CHANDRASHEKHAR MURTHY): (a) Government of India have complete negotiations for a $ 700 million loa with World Bank for the Financi Sector Development Project. Th loan has yet to be approved by th Board of Directors of the Wor Bank.

(b) and (c) The loan consists three components. First, a Capit Restructuring component of $ 3 million seeks to assist Government making Tier-II capital contributio to six nationalised banks in or to enable them to achieve the ca tal adequacy norms stipulated RBI. Second, the Modernisation a Institutional development com nent of $ 150 million aims building the financial strength long term competitipeness of these banks in a more liberalised banking vironment and would cover activ such as automation, computerisat assets liability and credit managem

and organisational improvements. Third, a Backstop Facility component of dollar 200 mililon aims at providing nationalised banks and al India public financial institutions liquidity assurance to assist in an orderly development of the foreign currency term lending market. This is sought to be done by offering them an option to borrow funds under stipulated conditions dering financial market disruption.

(d) and (e) Essentially tris loan supports the Government's efforts at implementing financial stctor reforms including especially the restructuring of certain public sector banks. The loan proceeds will be used to augment the resources of the participating banks and enable them to on-lend the amount for productive purposes under te Capital Restructuring component. The Modernisation component would facilitate the banks to improve their efficiency and profitability while the Backstop Facility component would assist te eligible Indian financial institutions to enlarge their resources in order to meet the increasing demand for foreign currency term loans.

Increase in Prices of Essential Commodities

234. SHRIMTI ANANDIBEN JETHABHAI PATEL:

Wil it ehMinister of FINANCE be pleased to state:

(a) what action Government have taken to curb price rise of essential commodities;

(b) the success achieved; and

c) wheter it is a fact tat Blackmarketers, orders and some high-ranking officers are responsible for tis price rise?

THE MINITER OF STATE IN THE MINISTRY OF FINANCE (M. V. CHANDRASHEKHAR MURTHY): (a) to (c) A number of steps have been taken to contain the price rise of essential commodities. The price of wheat has been stablised at last year's level through open market sale of over 3.4 million tonnes from public stocks by FCI. Open market sale of rice from public stocks is likely to pick up after the Government reduced the open market sale price from January 1995. Placing import of sugar under OGL at zero duty and import of nearly 10 lakh tonnes by Government for public distribution system has helped in bringing down price of sugar which is now marginaly lower than last year. Import of palmolein oil was placed on OGL in April, 1994. About 1.07 lakh tonnes of palmolein was imported at concessional duty of 20 per cent for augmenting supplies to through PDS. Recently,effective March 1995 all major edible oils (except coconut oil) were placed on OGL at redueed duty of 30 per cent. all the supply side policy measures taken so far are likely to bring about modernisation in the inflation rate. The Government remains vigilant in ensuring adequate availability of essential commodities, particularly rice, wheat, sugar and edible oils and wil not hesitate to augment supplies through imports in view of comfortable foreign exchange reserves. Hence there is no scope for hoarders and backmarketeers in influencing the market price of such commodities.

Hawala Racket

235. SHRI G. Y. KRISHNAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to he news item captioned "Hawala traders leave Manmohan 10 steps behind" appearing in the Weekend 'Observer', New Delhi dated February 11, 1995;

(b) if so, the facts of the matter reported therein; and

(c) what effective measures have been taken or are proposed to be taken by his Ministry to completely root out this Hawala racket evil?